86-1.43 [Medicare adjustment] Reserved

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86-1.44 (88-6)
Attachment 4.19-A
Part I

86-1.44 [Computation of rates of payment for licensed freestanding ambulatory surgery centers.] Reserved

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Attachment 4.19-A
Part I

Section 86-1.45 Federal financial participation. The rates of payment made for inpatient hospital services rendered to title XIX recipients established in accordance with the methodology contained in this Subpart shall be ~~contingent upon Federal~~ financial participation (FFP) and approval.

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86-1.49 Reserved

86-1.50 **Definitions: Case Payment System.** (a) **Diagnosis related groups (DRGs)** shall mean the classification system used by the Medicare program under Title XVIII of the Social Security Act for purposes of reimbursing hospitals under the Federal prospective payment system in effect on October 1 of the year prior to the rate year [on October 1, 1988] except for variations set forth hereinafter to identify medically appropriate patterns of health resource use efficiently and economically provided and [with exceptions] for neonates and Acquired Immune Deficiency Syndrome (AIDS) patients. These DRGs are listed in section 86-1.62 of this Subpart.

(b) DRG case based rate of payment per discharge shall mean the payment to be received by a hospital for services rendered to patients that have been assigned to the appropriate Diagnosis Related Group (DRG) for payment purposes based on such factors as the patient's medical diagnosis, sex, age, birthweight and procedures performed as reported in billing data submitted by the hospital to the payor.

(c) Service Intensity Weights (SIWs) are the relative cost weights established such that the SIW for any given DRG indicates the relative cost of the average cost of the patient in the DRG as compared to the average cost of all patients in all DRGs. Costs associated with Medicare patients, secondary payor payments made on behalf of Medicare patients, costs associated with alternative level of care patients, exempt units, hospital medical malpractice insurance, transferred patients except those assigned to DRGs that are specifically identified as transfer DRGs, graduate medical education, hospital specific costs as defined in subdivision (g) of section 86-1.54 of this Subpart, and the costs associated with the outlier portion of any length of stay, shall be excluded from the SIW calculations. The SIWs are contained in section 86-1.62 of this Subpart.

(d) The case mix index (CMI) of a hospital indicates the relative costliness of a hospital's case mix relative to all other hospitals' case mix and shall be the weighted aggregate SIW for the hospital.

(e) 1987 reimbursable operating costs shall mean those operating costs used to calculate the operating component of 1987 rates of payment pursuant to section 86-1.11 of this Subpart. These costs shall be those 1981 reimbursable costs adjusted for disallowances, adjustments and appeals approved pursuant to this Subpart during the period 1983, 1984, 1985, 1986 and up to September 1, 1987. Any such adjustments to the 1987 reimbursable operating costs approved subsequent to September 1, 1987 shall be recognized in subsequent years' rates of payment.

(f) Graduate Medical Education (GME) costs.

(1) Direct graduate medical education costs shall mean the reimbursable 1981 salaries, fringe benefits, non-salary costs and allocated overhead for residents, fellows, supervising physicians, and hospital-based physicians determined in accordance with section 86-1.54(g) of this Subpart and trended to the rate year by the trend factor established pursuant to section 86-1.58 of this Subpart.

(2) Indirect graduate medical education costs shall mean an estimate of the costs associated with additional ancillary intensiveness of medical care, more aggressive treatment regimens, and increased availability of state-of-the-art testing technologies resulting from the training of residents and fellows, determined in accordance with subdivision (h) of section 86-1.54 of this Subpart.

(g)(1) Long length of stay outlier days shall mean that portion of a patient's stay that exceeds the DRG's long length of stay outlier trimpoint provided in section 86-1.63, excluding cases classified as transfers but not assigned to a transfer DRG[.] and those cases which qualify for a high cost outlier payment

pursuant to section 86-1.55(c) of this Subpart provided that such payment exceeds the payment that would be made pursuant to section 86-1.55(b) of this Subpart for long stay outliers.

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